

Central Falls Detention Facility Corporation Meeting Minutes
Tuesday, June 26, 2012
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
6:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date; in the Training Building at 6:00p.m.

- 1) Call to order / Roll Call – 6:08 p.m.,
Present: Director Tillinghast, Director St. Pierre, Director Romanowicz, and Vice-Chair Adamo
Absent: Chairman Hartford
- 2) Public Comment
Former Mayor Thomas Lazieh commented that he is concerned with the financial aspects of the facility. As the initiator, he has taken heat over the years. The facility was supposed to be a financial venture for the City. It has moved away from that direction and he'd like to see it back on track, providing benefit to the City of Central Falls. He thanked the facility for the support to the Departments and the vehicles it has donated to the City in the past, but said that now the City is in financial need. He suggested that just paying the taxes for the Training Building would be a benefit. He said that he understands that the monies may be held up by the Bondholders and their interests. He said that those issues need to be resolved with the theme that this facility should remain under local control. Long term, this will be a great benefit to the City of Central Falls. He'd like to see that sooner rather than later. He does not want to see the state take control. He acknowledged the presence of Mr. Almonte and said that he was interested in hearing his proposal. He hoped that any monies recouped as a result of the audit could be used to benefit the City.
- 3) Approval of minutes, 5/22/12

Motion made by Director St. Pierre to approve the minutes from 5/22/12; seconded by Director Romanowicz. All were in favor. Motion passed.

- 4) New Business –
 - A) Report of Finance Committee/Mid-year budget adjustments
Recommendations and possible vote/actions

Director St. Pierre recommended that, based on the current financial situation, an immediate hiring freeze be implemented. With that, he recommended a spending freeze for any expenses over \$5,000. Anything over \$5,000 would require Board approval. He asked that the Board vote on his recommendation.

Director Tillinghast agreed that the financial situation was of concern. He pointed out that we currently have a \$1.1M cash shortfall so far this year. He asked to hear from the Warden and Mr. Fair regarding the hiring freeze. He said that the Board needed information such as current count and attrition rate before they could vote on this recommendation.

Mr. Fair said that he has never before been blind-sided by a proposal that had never been discussed with management that runs the facility without understanding of what that would entail.

Director Romanowicz said that the idea behind the proposal was that the Board would review any expenses. He stressed that this was not an effort to shut him out.

Director St. Pierre said that, based on what he can see, at this point in time, when we are spending money on an engagement, we need to do what's right for the Corporation. He's not suggesting that we completely shut-off hiring, just that Mr. Fair come before the Board before hiring anyone. As far as the spending, that's just so the Board knows what's going on and so that the Bondholders see that they are doing what they need to do.

Attorney Lynch-Gadaleta said that she was concerned that everyone was acting within their roles and responsibilities and not overstepping those roles. She said that she was not quite sure of that at this point. She said that we do not want to do anything that would jeopardize our accreditation or create a safety and security issue at the facility. She suggested that further dialog was needed before a vote was to take place.

Director St. Pierre said that he could guarantee that there was no violation. He said that the Board has made it clear that safety and security comes first. He just would like to have Mr. Fair come to the Board before hiring anyone. Director Tillinghast asked, "At what point do you cross into operations?" Attorney Lynch-Gadaleta said that, although he may be well-intentioned, this would mean that Mr. Fair was sometimes waiting four or six weeks to get an approval to hire. She again suggested that more discussion with management was necessary.

Director St. Pierre said that this Board meets more frequently than past Boards. He said that he stands by his recommendation. He said that he's doing what he thinks is right. Attorney Lynch-Gadaleta said that as legal counsel, she was compelled to advise the Board when she felt legal boundaries may be being crossed.

Director Tillinghast suggested that this item be tabled for a sub-committee meeting. He said that, for any go-forward plan, we need to include Mr. Fair and the Warden. He said that he does not have a good concept of the facility's staffing plan. In other industries, there is more flexibility. He said that he doesn't understand what we are currently staffed for in regards to detainee count.

Director St. Pierre said that he's asked for this information before, but hasn't received it. He said that's why he felt it necessary to take action at this point. Director Tillinghast said that he understood Director St. Pierre's perspective, in that the facility was hemorrhaging money and that we can not control revenues, so staffing and expenses are the only things we can control. He said that there was a lot of common-ground.

Warden Murphy asked that this be deferred to a sub-committee meeting. He said that he and Mr. Fair are very experienced in staffing and that we are running the facility frugally. We are a maximum security facility and we will not jeopardize the safety of our staff. We are fiscally-prudent. He wants the Board to feel comfortable that we are managing every dollar that we spend at this facility.

Director Adamo said that this item would be referred to the sub-committee and that the sub-committee would come back with recommendations at the next meeting with the input of management.

B) Current Cash Report and overview of accounts update

Director Tillinghast said that this was the first time that he was seeing the cash report. He asked if there were any areas that Mr. Fair wanted to point out. Mr. Fair pointed out that the detainee count for June was averaging 680. This is a remarkable increase.

Director St. Pierre asked when the Food Services Contract would expire. Lea Ann Maupin said that the RFP would open tomorrow. It was already on the website and would be open through July 9th. Everything was done in accordance with procurement law. Director St. Pierre asked whether the equipment would be included in the contract. Ms. Maupin said that we were asking anyone who bid to be prepared to pay the money up-front and then bill us on a monthly basis for any major purchases. She offered to send Director St. Pierre a copy of the bid. He accepted her offer.

Director Adamo asked if the contract would be brought to the Board prior to execution. Mr. Fair affirmed.

C) Almonte engagement recommendation

Director St. Pierre reported that the finance committee met on June 6th to discuss the engagement letter. He had no questions for Mr. Almonte. Director Tillinghast commented that there was discussion on the length of time that it took the Board to finalize this engagement. The Board was preliminarily ready to positively support the engagement of Mr. Almonte as early as January or February, but the approval was delayed while the Board waited for the outcome of the State Commission report in order to incorporate any suggestions or findings into the engagement letter. That report came out in the beginning of May. It is the recommendation of the Finance sub-committee that the Board vote to approve the engagement of Mr. Almonte as outlined in the engagement letter between Attorney Lynch-Gadaleta and Mr. Almonte's firm.

Vice-Chair Adamo asked Mr. Almonte to formally review the letter and the costs associated with the engagement. Mr. Almonte explained that the engagement was between his firm and the Corporation's legal counsel. This is important in case the information was to go before a legal forum in the future. The follow-up will include review of the red flags that he uncovered during his initial engagement. From there, he'll follow-up with the insurance policies that the facility has to see if the facility can recoup monies from these policies. The cost of the engagement is \$135,000. This is to be paid in installments. It requires the facility to comply with requests for records. All requests will go through legal counsel. There will be a report at the end.

Director Adamo asked about the timeframe for completion. Mr. Almonte said that there will be heavy work in the first three months. Then he will let legal counsel know if he needs other documentation. Information will flow from Mr. Almonte to Attorney Lynch- Gadaleta.

Director St. Pierre asked Attorney Fracassa about the Bondholders and discussions he'd had with them about this audit. Attorney Fracassa said first that the Bondholders support the audit. They've agreed to pay for it, in that they will

treat it as an operating and maintenance expense and authorize the Trustee to approve the invoices as they are submitted. Additionally, if there is a recovery, it will be treated as revenue and subject to the waterfall effect. Hopefully, this will result in a surplus that will leave monies that could benefit the City. Lastly, the money we expend on this audit will not be treated as a default in any way against the indenture.

Director Adamo again asked how long the entire audit would take. Mr. Almonte said that the report should be completed in six to eight months. Director St. Pierre explained that an initial retainer of \$70,000 would be paid up-front with the remaining \$65,000 to be spread out evenly over four months. The final payment will be made concurrently with delivery of the final report. At that time, Mr. Almonte will turnover twelve copies of the finalized report.

Director Tillinghast said that given the Board's fiduciary responsibilities and the information that Mr. Almonte provided to them upon conclusion of his initial engagement, he felt that it was pertinent that they initiate this audit.

Motion made by Director Tillinghast to approve the engagement of Mr. Almonte to conduct a forensic audit; seconded by Director St. Pierre. All were in favor. Motion passed. Director Romanowicz abstained from voting.

Former Mayor Lazieh asked what the follow-up procedure with the audit would be. As a resident of Central Falls, he recommended that any monies recovered be ear-marked for the City. Attorney Lynch-Gadaleta responded that although the ultimate goal was Central Falls, the facility had to ensure that they did not break the law or violate the indenture of trust when handling any revenues.

D) Class 33 Academy

Mr. Fair said that we are down to an unacceptable low in our Officer count. We've lost quite a few Officers to other law-enforcement departments in the past few weeks. With our staffing levels where they were, we were able to complete our in-service training in the first six months of the year.

It takes four or five months to get a class of 20-25 recruits ready to start the Academy. We need to start now to have a group ready to start in November. He came tonight to get the Board's permission to begin the process.

Director Tillinghast asked how many members graduated in January (Class 32). Mr. Fair said that it was 12 – 14. Warden Murphy pointed out that we are losing eight now, not necessarily from this group of twelve.

Director Adamo asked if we had new Officers sign any type of contract requiring them to stay for a period of time or pay a penalty. Mr. Fair pointed out that our Officers usually stay an average of two years. It's not the brand new Officers that tend to leave.

He said that he is committed to our workforce and confident in the training that they receive. He said that, for the most part, he promotes from within the ranks rather than hiring from the outside.

Director Adamo said that she did not feel confident voting on this tonight without more information. Director Tillinghast asked what the effect of delaying the vote for one month would be. Mr. Fair said that, if we delay, the Class will not be prepared to work until February (as opposed to January).

Attorney Fracassa suggested that the finance committee schedule a meeting within the next couple weeks to discuss this. He said that the process did not necessarily have to be delayed until the next meeting since everyone agreed that the hiring process was imminent, that it was just a matter of understanding the dynamics. Director Romanowicz suggested that a special meeting could be held to approve the start of the process rather than waiting until the next meeting.

Director St. Pierre said that, although he is the one that promoted a hiring freeze, he is prepared to vote on this tonight. He said that he would never jeopardize safety and security. His issue is not about hiring Correctional Officers. It's about other employees. However, he does want to know the staffing model. How many Officers does it take to take care of how many detainees? He asked that Mr. Fair, the Warden, and the finance committee meet to come up with a staffing model.

Director Tillinghast said that given the context of the discussion of the hiring freeze, and absent additional information, he was not prepared to vote on this. He said that an alternative to hiring more Officers was to operate with overtime. Overtime is cheaper than benefits, medical costs, workers comp, etc.

Director Romanowicz said that overtime in this environment is high risk, high stress. Director Tillinghast said that, although he is sensitive to that, he knows it's an opportunity for guys to make a lot of money. Mr. Fair said that overtime is nice for a while, but not when it continues for a long period of time and when it's excessive.

Anthony Rainville, FOP President, speaking on behalf of the Officers, said that last year when overtime was at it's worst, there were a lot of marriages in jeopardy, there were children grabbing onto their parents' legs begging them not to go to work. They missed birthdays. They missed anniversaries. As far as the staffing model, I understand overtime is cheaper, but as far as our staff is concerned, they are fathers, mothers, brothers, sisters, husbands, and wives first. He asked that this be taken into consideration when we look toward the issue of staff is concerned. He said that he would hope that their personal lives would be taken into consideration.

Attorney Lynch-Gadaleta suggested that the Board vote to begin the process. She said that they would have ample opportunity to stop the process before this group was actually hired.

Director Tillinghast commented that she'd segregated the issue enough so that he was comfortable voting.

Director St. Pierre asked what the current staff count was. Lori Pouliot, Human Resources Director, said that there are currently 179 active staff members as of the last payroll. Based on a staff count of 224 (Organizational Chart), this leaves 45 open positions, twelve of whom are Correctional Officers.

Motion made by Director Tillinghast to start the process for the Class 33 Academy; seconded by Director Romanowicz. All were in favor. Motion passed.

All agreed to keep this item on the agenda for future discussion as well.

E) Youth Summer Jobs Program

Mr. Fair said that for the past two years, we had our own Youth Summer Jobs Program that was very successful. It was open only to Central Falls youth. This year, we didn't get the feeling that our program would be approved, so we abandoned it.

Lori Pouliot learned of a state program that would allow us to continue this program at the state's expense. The program will be smaller, in that it's only eight kids for a period of five weeks, but it will allow us to go forward with some variation of our program. We are able to request that Central Falls youth are given preference for placement at our facility. While it's not our program, it will be a good program. We will be able to put our stamp on it. It will require people (staff) to provide some level of supervision.

Director Tillinghast said that he'd like to see our program back in place for next year. Directors Adamo and St. Pierre concurred.

Motion made by Director Tillinghast to approve the Youth Summer Jobs Program; seconded by Director St. Pierre. All were in favor. Motion passed.

F) Board Members Terms

Attorney Lynch-Gadaleta provided that Directors Romanowicz and Adamo's terms expired on August 1st. Director St. Pierre's term also expires on August 1st. Director Tillinghast is on a three-year term to expire in August, 2014.

Director Romanowicz asked Attorney Lynch-Gadaleta to check the by-laws, as he thought that the terms expired on September 1st.

Attorney Lynch-Gadaleta said that she expected to meet with the new receiver soon. She said that if anyone wanted to express a desire to be reappointed, she would be willing to pass that information on.

Director Adamo asked whether they were dismissed upon the completion of the term or whether they stayed in place until a replacement had been named. Attorney Lynch-Gadaleta said that she believed that they served until replaced.

5) Old Business

No discussion of old business.

6) Reports of the CEO and/or Legal Counsel (as necessary); ADP update; and other matters.

Warden Murphy reported:

- ADP: today, 688; month to-date, 680
- No major purchases or repairs in May.
- Mashantucket Pequot contract renewed.
- Navy funding was approved through the start of next year
- Shakedown conducted. Only one weapon, a sharpened toothbrush, was found.

CEO Fair reported:

- Annual Report was submitted on-time.
- Staff raised \$1,943 for the Special Olympics

- Kitchen was inspected and a new license was issued by the RI Department of Health.
- RFP bid process for Food Services will open on July 27th and close on July 9th.
- Contract with O'Connor & Drew expires in December; RFP for audit will be forth-coming
- Met with Chris Wyler, the majority bondholder. He visited the facility for a better part of the day. Re-visited the topic of cap-ex projects. He was receptive to the idea. He asked for a detailed list of projects. Mr. Fair will present the list to the Board prior to submitting.

7) Next meeting: Tuesday, July 17, 2012 @ 6:00pm @ Wyatt Training Building

8) Executive Session pursuant to R.I. General Laws § 42-46-5 for the following purposes:

- A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding FOP representation of supervisory staff and litigation concerning the Wayne Salisbury matter; Ng; Cornell; Avcorr; Property tax bill; Forensic Audit.
- B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the CEO.
- C. RIGL § 42-46-5(a)(1) for the purpose of discussing personnel matters.

9) Adjournment